



FINANCE AND ADMINISTRATION CABINET  
KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

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**FOR IMMEDIATE RELEASE**

**Bill Would Make 529 Plan Tax Benefits Permanent**

**FRANKFORT, Ky. (June 8, 2005)** – Bipartisan legislation has been introduced in the U.S. Senate and House to make permanent the federal tax-exempt treatment of Section 529 college savings programs. In 2001, Congress enacted reforms that provided tax-free treatment for distributions from Section 529 programs when used by a beneficiary for qualified higher education expenses; however, the tax benefit will expire on January 1, 2011.

The College 529 InvEST (Investment in Education Savings for Tomorrow) Act of 2005 was introduced in conjunction with the College Savings Plans Network and the National Association of State Treasurers by Senator Charles Grassley, Pennsylvania; Senator Max Baucus, Montana; Representative Melissa Hart, Pennsylvania; and Representative Earl Pomeroy, North Dakota.

“We need to do everything possible to encourage families to save for the costs of a college education,” said Dr. Joe L. McCormick, executive director of the Kentucky Higher Education Assistance Authority (KHEAA). “The College 529 InvEST Act of 2005 will ensure accounts in the Kentucky Education Savings Plan Trust (KESPT) and Kentucky’s Affordable Prepaid Tuition (KAPT) continue to grow tax free.”

KESPT and KAPT are state-sponsored 529 college savings plans administered by KHEAA. KHEAA is the state agency that also administers grants, scholarships, work-study and low-cost loan programs to help Kentuckians pay college expenses.

For more information on KHEAA’s programs and services, visit [www.kheaa.com](http://www.kheaa.com) or GoHigherKY.org or call toll-free (800) 928-8926.

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